

Message Text

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ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-06

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 OMB-01 PA-02 PRS-01 USIA-15 /064 W

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R 230216Z OCT 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 4971

UNCLAS JAKARTA 12938

E.O. 11652: N/A

TAGS: ETRD, EFIN, ID

SUBJ: EXIMBANK FINANCING FOR INDONESIA

REF: STATE 229998

1. IN ACCORDANCE WITH REQUEST CONTAINED REFTEL
AMBASSADOR AND COMMERCIAL COUNSELOR HAD CONTRACTS
WITH MINFIN WARDHANA AND DEPARTMENT OF FINANCE
DIRECTOR GENERAL FOR FINANCE YULIANTO ON OCTOBER 21.
BOTH EXPRESSED DEEP APPRECIATION FOR EXIMBANK LEADER-
SHIP AND STAFF EFFORTS TO MEET GOI REQUESTS FOR
FINANCING OF HIGH PRIORITY PROJECT INPUTS AND LOOK
FORWARD TO CONTINUING THIS SOLIDLY BASED BEGINNING.
WARDHANA OBSERVED HE HAD NO OBJECTION TO PRESS
RELEASES AND LOOKS FORWARD TO OPPORTUNITY REVIEW
ADVANCED TEXT PRIOR WASHINGTON RELEASE.
2. YULIANTO COMMENTED THAT PHASING INFORMATION ON
POWER PLANTS AND TIDAL LAND RECLAMATION EQUIPMENT
WHICH WAS REQUESTED DURING PRESIDENT CASEY'S VISIT IN
EARLY SEPTEMBER HAD BEEN PRESENTED DURING RECENT VISIT
BY MINISTER WARDHANA AND OTHERS TO EXIM. HE SAID HE
HOPED THAT OTHER PROJECTS WHICH HAD BEEN DISCUSSED
IN WASHINGTON PARTICULARLY ELECTRIC POWER PLANTS
AND TIDAL LAND RECLAMATION EQUIPMENT WOULD BE ACTED ON
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SOON SINCE THEY HAD EQUAL PRIORITY WITH THOSE PROJECTS

REPORTED IN REFTEL. HE ALSO NOTED THAT HE THOUGH SPACE PORTION AND GROUND STATIONS FOR DOMESTIC SATELLITE PROJECT HAD ALSO BEEN APPROVED ALONG WITH THOSE NOTED IN REFERENCE.

3. IN DISCUSSING FINANCIAL TERMS AS DESCRIBED IN REFTEL YULIANTO THOUGHT THERE MAY BE A DISCREPANCY IN THIS UNDERSTANDING THAT REPAYMENT PERIOD FOR CUTTER SUCTION DREDGES AND GRESIK CEMENT WERE SEVEN AND EIGHT YEARS RESPECTIVELY RATHER THAN SEVEN YEARS AS INDICATED IN PARA 2 OF REFTEL. IT MAY BE THAT HIS CALCULATIONS WERE BASED UPON THE DIFFERENT REPAYMENT STARTING POINTS SPELLED OUT IN PARA 2 REFTEL. REFERRING FURTHER TO THE TERMS YULIANTO SAID THAT PRESENT GOI PLAN WAS TO HAVE DEPARTMENT OF FINANCE, AS EXIM BORROWER, IN ITS RELENDING TO PUBLIC SECTOR AGENCIES CHARGE THOSE AGENCIES A FEE TO COVER COST OF GOI GUARANTEES AGAINST NONPAYMENT AND FOREIGN EXCHANGE AVAILABILITY IN AN AMOUNT THAT WOULD BRING COST OF BORROWING TO PUBLIC SECTOR AGENCIES UP TO BLENDED EXIM-COMMERCIAL BANK INTEREST RATED. YULIANTO ALSO NOTED THAT IT WAS HIS UNDERSTANDING THAT EXIM INTEREST RATE FOR THREE PROJECTS NOTED REFTEL WOULD BE 8 PER CENT.

4. EMBASSY BELIEVES THAT ABOVE QUESTIONS WILL BE ANSWERED WHEN PRESS RELEASE RECEIVED WITH DETAILS. NEWSOM

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